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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Most media led with a proposal by senior Kadima ministers that the party prepare for a leadership primary in advance of expected early elections. The Jerusalem Post quoted sources close to Olmert as saying yesterday that he recognizes that his political downfall is all but certain and is considering alternatives that would allow him to leave the Prime Minister's Office in a dignified manner. Under

one scenario, Olmert would remain in office (so long as he is not indicted) while Kadima moves forward in choosing a new leader to head the party in early elections. Foreign Minister Tzipi Livni, Transportation Minister Shaul Mofaz, Internal Security Minister Avi Dichter, and Interior Minister Meir Sheetrit are seen as already positioning themselves for leadership campaigns. Yesterday Livni finally broke her silence and said that the party must prepare for elections, while Mofaz issued a sharp rebuke accusing her of collaborating with Ehud Barak to destroy Kadima. According to the latest polls (see below) Livni enjoys a double-digit lead over her nearest competitor. Makor Rishon-Hatzofe claims that Kadima and Labor have agreed on November 11 as election day.

Ha'aretz quoted a legal source as saying that the testimony given by attorney Uri Messer, Ehud Olmert's confidant, was very strong and could be the key to drafting an indictment against the PM. Ha'aretz headlined: "Messer: I ratted out a friend". However, another source was quoted as saying that Messer cooperated with the police only to a limited extent, and gave them as little information as he could. Ha'aretz quoted Messer as saying repeatedly: "I feel bad about turning informer on my friends." He also said, "I'm finished," and "I've destroyed my life." Yediot reported that Olmert's investigators will leave for the U.S. next week -- among other things to check how donations were transferred to PM Olmert, and Talansky's legal and financial situation. Leading media reported that PM Olmert's attorneys wish to speed up the cross-examination of American financier Morris Talansky. The Jerusalem Post reported that many in the Arab world praised Israel as a place "where no one is above the law."

All media reported that yesterday Likud MKs and supporters held a solidarity rally on the Golan. Party leader Benjamin Netanyahu said: "The Golan was Israeli and will stay Israeli....The way to guard the Golan and Jerusalem is to go to elections now. If we don't live here, Iranian soldiers will."

Leading media reported that during his visit to the U.S. next week PM Ehud Olmert will meet the three presidential candidates.

Ha'aretz reported that IDF tanks and infantry raided the northern Gaza Strip before dawn yesterday, and rounded up some 60 Palestinian suspects. A few hours later, Palestinian militants fired three Qassam rockets and three mortar shells at Israeli territory. No injuries or damage was reported.

Leading media quoted The Washington Post as saying yesterday that the U.S. administration has asked the UN to check three suspected nuclear sites in Syria.

The Jerusalem Post reported that Olmert and Barak will soon decide on Egypt's Gaza cease-fire deal. Yediot reported that due to the tension between Olmert and Barak, Olmert canceled the visit of Amos Gilad, the head of the Defense Ministry's Diplomatic-Security Bureau, to Cairo.

Ha'aretz reported that on June 22, President Shimon Peres, French President Nicolas Sarkozy, King Abdullah II of Jordan, and PA President Mahmoud Abbas will launch the Dead Sea-Red Sea Peace Channel.

Leading media reported that Bahraini King Hamad bin Isa al-Khalifa has appointed Houda Nonoo, a Jewish woman, as envoy to Washington -- the first Jew in the Arab world to become an ambassador.

Yediot convened the cultural attaches of the U.S., Hungary, France, the UK, and Kazakhstan "who came to Israel to teach you a bit of culture."

Maariv published the results of a TNS/Teleseker poll: If general elections were to be held today and the following parties were running, for which party would you vote? Results in Knesset

Likud: 30; Kadima under Tzipi Livni: 25; Labor Party: 18: Yisrael Beiteinu: 10; Shas: 9; Arab parties: 9; National Union Party and National-Religious Party: 7; Meretz: 4); United Torah Judaism: 4); New party headed by Arkady Gaidamak: 4; Pensioners Party: 0.

Yediot presented the results of a Mina Zemach (Dahaf Institute) poll among registered Kadima voters:

Whom would you vote for in the primaries for Kadima leadership?

Livni: 39%; Mofaz: 25%; Dichter: 15%; Sheetrit: 8%.

Do you favor or oppose a merger of Kadima and labor and their joint

running in the elections? Oppose: 50%; favor: 45%.

And regarding a Kadima-Likud merger?

Oppose: 52%; favor: 43%

The poll also found an important shift of voters from Kadima to Likud if Kadima voters' favorite candidate did not head the party.

Ha'aretz printed the results of a Dialog poll: If Labor and Kadima ran on a joint list, headed by Livni and Barak, against a joint Likud-Yisrael Beiteinu list headed by Netanyahu and Avigdor Lieberman, who would win? Labor-Kadima: 36; Likud-Yisrael Beiteinu: 35.

Mideast:

Summary:

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz: "The Israeli public has simply lost all faith in Olmert.... It would be far more proper, and far healthier for the country, for Olmert to await the indictment on the other side of the cabinet door."

David Kimche, former senior Israeli intelligence agent and former director general of the Foreign Ministry wrote in the conservative, independent Jerusalem Post: "We are entering uncharted waters. It can go either way, the Geneva way, or the Hamas way. The future of both Israelis and Palestinians depends on us taking the right direction."

Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the Foreign Ministry, wrote in Ha'aretz: "All the peace agreements that have been reached so far began as an initiative of the parties themselves, and if there were mediators, they were not American.

Palestinian affairs correspondent Khaled Abu Toameh wrote in The Jerusalem Post: "Whoever succeeds Olmert won't be able to ignore a ['framework'] agreement, and will have to negotiate with the Palestinians on the basis of the understandings. That's perhaps why the PA leadership doesn't seem to be worried about who will succeed Olmert.'

Daniel Levy, one of the main drafters of the Geneva initiative, wrote in Ha'aretz: "[A] major political shift has to occur in Israel for we are quite clearly the 'hegemonic state' in [the] equation [with the Palestinians]."

Block Quotes:

¶I. "Let Him Wait Outside"

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz (5/30): "Not all of Israel's politicians have been 18-karat gold.... But the arrogance and insensitivity displayed by Olmert -- who, for 15 years, received envelopes filled with cash from Morris Talansky (according to the latter's own testimony) and saw nothing wrong with this -- cast serious doubts not only on his personal integrity, but also on the extent of his wisdom and intelligence, two qualities he loves to brag about.... Israelis must surely feel that their fate, and their country's fate, are in the hands of a Houdini much more skilled at getting out of embarrassing situations than at staying out of decisions that could jeopardize our country's very survival.... Little wonder that, in the eyes of many Israelis, the peace negotiations with Syria are just public relations razzmatazz and the talks with Palestinian President Mahmoud Abbas a lot of baloney; the Israeli public has simply lost all faith in Olmert.... At the present time, it is of utmost importance that Kadima choose a suitable candidate, without dragging its feet and without generating infighting. If Kadima does so, it will enable the current coalition

to get back on its feet in an elegant manner. It would be far more proper, and far healthier for the country, for Olmert to await the indictment on the other side of the cabinet door."

II. "A Choice between Geneva and Hamas"

David Kimche, former senior Israeli intelligence agent and former director general of the Foreign Ministry wrote in the conservative, independent Jerusalem Post (5/30): "The hatred is still intense, on both sides, but more and more Palestinians are realizing that their continued violence will get them nowhere, and that their only hope to lead normal lives is to come to terms with Israel.... Similarly, in Israel, the idea of two independent states, living side by side in peace, has taken firm roots, and most Israelis would welcome such The extremists have a different agenda. Their threat a solution. -- Israeli and Palestinian -- to mobilize mass demonstrations to prevent such moves, and to topple any government that attempts to go down that road, has provided ample excuse for inaction, for a continuation of the status quo. Both Israelis and Palestinians are heading for new elections, probably in the first months of the coming year, but maybe even sooner. Extremists will be pitted against moderates. There will be a new president in the White House. We are entering uncharted waters. It can go either way, the Geneva way, or the Hamas way. The future of both Israelis and Palestinians depends on us taking the right direction.'

III. "Cutting Out the Middleman"

Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the $\bar{\text{Foreign}}$ Ministry, wrote in Ha'aretz(5/30): "The Israel-Syria negotiations were not initiated by the United States and so far, Washington has played no part in them. There are even some who have discerned certain sourness in the American reaction to reports of talks in Ankara.... All the peace agreements that have been reached so far began as an initiative of the parties themselves, and if there were mediators, they were not American. True, at decisive moments toward the end of bilateral negotiations, Washington did enter the picture, but the initiative for negotiations was not American, and the truly significant negotiations were not conducted via the U.S.... One cannot and must not denigrate American power and importance; it is especially important to remember that after a deal is reached, or in the final stages of negotiation, American involvement is likely to be decisive. But ultimately, in such different situations as Israel's relations with Egypt, the PLO and Jordan, it was the political will and considerations, the initiative and resourcefulness of local leaders that set the stage for negotiations, and which made them both possible and successful.... One can assume that if the talks with Syria bear fruit, they will retroactively win the blessing and support of the U.S., and there may be a need for an American push in the final stretch. But the strategic decisions have so far been made here, in Jerusalem and Damascus, just as they were previously made in Jerusalem, Cairo, Tunis and Amman. America is important, but ultimately, local interests prevail -- and that's to the good."

"Olmert's Probe Is Beneficial for the Palestinians" Palestinian affairs correspondent Khaled Abu Toameh wrote in The Jerusalem Post (5/30): "Some PA officials were initially concerned that the resumption of peace talks between Israel and Syria would 'sidelining' the Palestinian issue. But they were quick to endorse the widely believed assumption in Israel that Olmert was merely seeking to divert attention from the police inquiry against him by making a dramatic announcement about the possibility of reaching a peace treaty with Syria. Furthermore, by the end of the week, the Palestinians' fears began to fade as they realized that Syrian President Bashar Assad was not in a rush to cut off his ties with Iran, Hizbullah, and Hamas. Now that the Syrian track doe not appear to be going anywhere, at least not in the coming months, some PA officials expect Olmert to focus his efforts on achieving some kind of a deal with the PA -- also in an attempt to divert attention from the police probe and his troubles at home. They argue that, in any case, a declaration of principles -- or a 'framework agreement' -- would not be too bad, particularly if it includes recognition of the Palestinians' demands regarding Jerusalem, settlements, borders and whoever succeeds Olmert won't be able to ignore such an agreement, and will have to negotiate with the Palestinians on the basis of the understandings. That's perhaps why the PA leadership doesn't seem to be worried about who will succeed Olmert.

¶V. "Removing the Zionist Straitjacket"

Daniel Levy, one of the main drafters of the Geneva initiative, wrote in Ha'aretz (5/30): "There were plenty of mistakes, lots of ill will, and enough blame to go around for all sides -- Israeli, Palestinian and American. The bottom line after 20 years is that the Faustian bargain did not deliver. For all the criticisms leveled against him, both real and imagined, it may turn out that the Arafat moment was also the two-state moment, and that his leadership was necessary to hold that construct together.... In the absence of the Palestinians' reclaiming ownership of the statehood project, the two-state solution is meaningless: It seems hardly realizable, let alone sustainable.... Removing the external veto on Palestinian national reconciliation is a sine qua non of successfully rebuilding a Palestinian political program that embraces statehood alongside Israel. It will be difficult for Israel to swallow this and a 'de-occupation first' approach at the same time, but it may be the only way for Palestinians to assume ownership of the two-state project.... We can blame the Palestinians all we like, and frequently with good cause, but if the two-state solution is indeed an Israeli interest and the least bad alternative for all concerned, then that major political shift has to occur in Israel for we are quite clearly the 'hegemonic state' in this equation.

JONES